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# **National Intelligence Bulletin**

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### PORTUGAL

Portuguese President Costa Gomes last night disavowed two presidential communiques issued earlier yesterday that had made it appear he was backing a continuation of the government of Prime Minister Vasco Goncalves. Both communiques were released by the Fifth Division of the Armed Forces General Staff, the Communist-dominated propaganda and information service.

The communiques could have been issued without the President's authorization in a deliberate attempt by the Communists to mislead the public about decisions reached earlier at a meeting of the three-man military directorate and key military figures and to provide momentum to a last-ditch effort to scuttle the plans of the anti-Communist Antunes group and save Goncalves.

On the other hand, there were press reports during the weekend that the anti-Goncalves forces were split by a disagreement, and we cannot exclude the possibility that Costa Gomes authorized the communiques in an effort to aggravate divisions in the anti-Communist camp. If so, it would seem that the scheme has backfired.

The communiques were carried by the official state radio and television before they were retracted. They contained decisions supposedly reached at the meeting:

- The government headed by Goncalves must continue to run the country.
- The Revolutionary Council would be restructured, and the Armed Forces General Assembly would determine the fate of nine anti-Communist officers removed from the Council for their opposition to Goncalves.
- A new political program for the country would be based on a document drawn up by officers of the security forces and a program already set forth by the Goncalves government.
- The political program supported by the anti-Communist group led by Major Melo Antunes was declared unacceptable.
- Firm action would be taken by military and paramilitary forces against those instigating anti-Communist incidents throughout the country.

The first communique, issued early yesterday morning, elicited a warm response from the Communists, from a fellow-traveling party, and from the Communist-dominated trade union federation. Yesterday evening, the President's office ordered a suspension of both the communique and any comments on its contents.

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The second communique, which provided additional details of the decisions supposedly reached at the high-level meeting, was declared null and void because it supposedly was drawn up and published without the President's knowledge.

The Antunes group is now likely to be even more insistent in its demands for an end to the present government.

Over the weekend, Army Chief of Staff Fabiao—who has been selected by the anti-Communist group to replace Goncalves—issued an outspoken communique of his own which sounded very much like a bid to rally public support for the move against Goncalves. Fabiao, in an indirect criticism of the Prime Minister, said it was wrong to label those who criticize the revolution as reactionaries. He said the time has now come to correct the mistakes of the revolution.

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### LAOS

A mass rally celebrating the communist take-over of Vientiane took place as scheduled over the weekend, with an estimated 150,000 persons attending.

Harsh anti-US rhetoric was largely absent from the speech-making, and there were no anti-US demonstrations. Security had been tightened throughout the capital. The airport was closed to commercial traffic. The communist celebration was confined primarily to the city fairgrounds. It was almost an anti-climax to the gradual and well-orchestrated consolidation of power by the communists during the past several months.

Although the national coalition government continues on paper, Vientiane's "liberation" in reality represents an end to joint administration in Laos. As expected, the communists also used the weekend events to announce formally the dismissal of remaining municipal officials from the former regime and to designate a new communist administration in the capital.

The communists only last week established their own administration in the royal capital of Luang Prabang, the only other population center jointly governed by the two sides under the 1973 peace accords.

Prime Minister Souvanna Phouma has reportedly become the target of mounting criticism because of his failure to support communist policies and programs. There is no evidence that the communists intend to remove Souvanna, but his position, along with those of other remaining senior noncommunist officials, may be in jeopardy if he fails to give more active support.

It was announced recently that the Prime Minister had decided not to leave on a scheduled trip abroad because of the unsettled situation.



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### ARGENTINA

Military leaders opposed to army Colonel Damasco's role as interior minister have reportedly demanded a solution to the problem by today. They prefer that he leave the cabinet, but may be satisfied if he gives up his active military status.

Several regional army corps commanders as well as the commanders in chief of the navy and air force are flatly opposed to Damasco's remaining in the government while on active military duty. They believe he is diminishing the prestige of the armed services by linking them to a hopelessly inept government.

Some of Damasco's opponents have apparently been floating coup rumors designed to increase the pressure for his removal. The press has reported that Foreign Minister Robledo, well regarded by the military, has asked army commander in chief General Numa Laplane, who has backed Damasco, to consider offering his own resignation as well.

The departure of Numa Laplane could open the way for a more conservative army chief, possibly General Videla, who heads the joint general staff.

The administration's failure to offer a compromise--such as taking away Damasco's military status--has served to increase the discontent of his opponents and suggests to them the government is incapable of acting. The controversy also is increasingly focusing the military's attention on the larger issue of whether to allow President Peron's government to remain in office.

The administration is under fire from all sides. During a weekend marked by continuing leftist violence, the Peronist party, of which the President is titular head, held a convention at which many delegates angrily opposed her choice for the party's number-two position. Opposition congressmen, meanwhile, are calling for a full-scale investigation of charges that the President recently attempted to transfer funds from a charitable organization into the estate of her late husband.

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### NONALIGNED CONFERENCE

The Lima conference of nonaligned foreign ministers that begins today will show how the developing countries weigh prospects for compromise with the developed world. The meeting will provide a preview of radical strength on issues that will come before the UN beginning the next week.

The delegations likely to take the lead at Lima have held their cards closely. The more passive delegations who anticipate that Algeria and its allies will dominate the conference again are already telling Western governments they will not be responsible for the outcome.

The agenda demonstrates diverse interests. It calls for the consideration of new members; a review of the international situation, including the Middle East, South Africa, Latin America, and Indochina; the adoption of a strategy for mutual political and economic assistance among the nonaligned; a post-mortem on the effect of decisions taken at the last summit; and, preparation for the coming UN sessions.

Even on the membership question there is room for heated controversy. It affects the basic character of the group, formed originally as a group of nations not allied militarily with either of the big powers. Several countries, widely viewed as client states of one or another power, are currently applying for full participation or for observer status. Australia, the Philippines, Romania, and the two Koreas are among them.

Lobbying on the two Korean applications has been intense: purists among the nonaligned would accept neither; compromisers want even-handed treatment—either rejection or acceptance of both; and radicals are against the South and for the North. The pro-Pyongyang crowd argues that North Korea is trying to put distance between itself and both the USSR and China, while Seoul accepts foreign troops on its soil. Delegations that support the South do not seem keen for battle.

On economic issues, many states, anxious to see what proposals the industrialized nations will bring to the special UN session on development, would prefer not to antagonize further countries that might be willing to assist them. But they, too, seem resigned to follow the Algerian lead, even if it takes them farther along the path toward contention. Algeria plays effectively on the distrust that the nonaligned feel for the industrialized states. The poor countries suspect the rich are playing for time and have no real intention of helping them.

The economic issues may not be so easy for the Algerians now that Cuba has complained that Arabs are as niggardly as the West.



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There is concern among some delegations that radicals may pull out all the stops at Lima. Having lost momentum on the drive to expel Israel from the UN, Syria and other like-minded states may redouble their efforts to overcome Egypt's and the Africans' case against expulsion. Israel will be a highly divisive issue that could break down the appearance of unity that the nonaligned have tried to maintain. With Yugoslavia, India, and a growing majority opposed to expulsion, the issue can probably be defused.

Following the postponement of the Puerto Rican "liberation" issue by the decolonization committee of the UN, Cuba may press harder for support on this issue at Lima. Despite the likelihood that Havana will want to make a friendly gesture following Washington's ending of third-party sanctions against Cuba, Cuba will be tempted to keep the Puerto Rican propaganda issue alive.

Even though many among the nonaligned privately agree that radicals in the group are pushing the developed-undeveloped split too far, they will be inhibited by the strong pressure for unity. Many would be pleased to see less-strident policy positions emerge from the conference should the radicals be willing to back off a little, but most seem prepared to go along. These states in fact are already portraying themselves—to those governments likely to be the victims of conference resolutions and rhetoric—as not responsible for the outcome.

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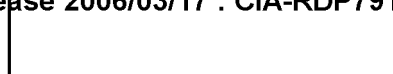
### SOUTH KOREA

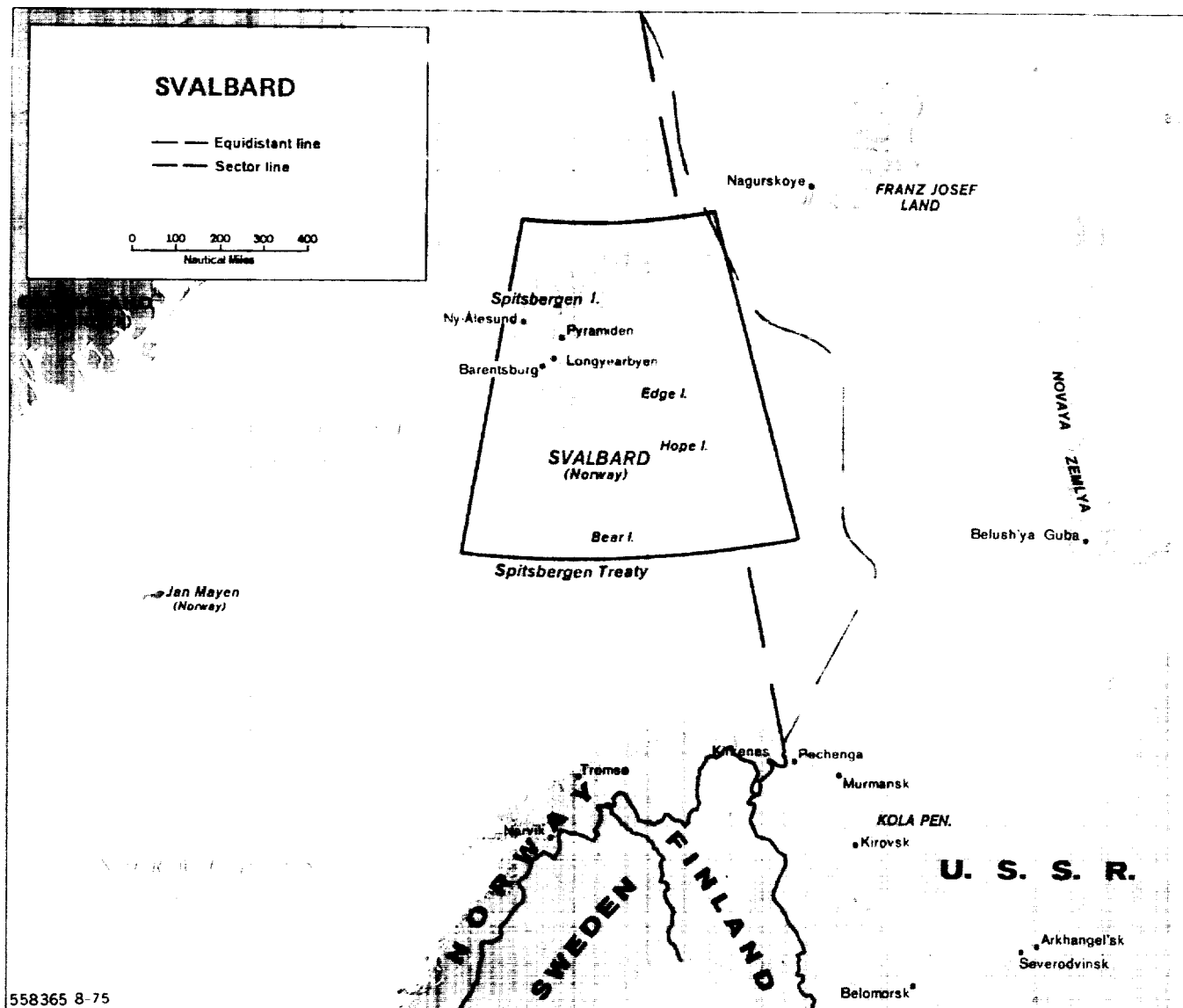
The South Korean government has ordered an investigation of opposition party leader Kim Yong-sam because of remarks he made during a press conference on Saturday.

Kim recently returned from a tour of Southeast Asia. Most of his comments at the press conference concerned foreign affairs and were relatively non-controversial. In discussing domestic issues, however, Kim called for the lifting of an emergency measure banning virtually all criticism of the government. The measure was put into effect by President Pak last spring following the fall of non-communist governments in Vietnam and Cambodia. Kim also urged the release of those "unfairly" arrested for violation of the measure. He called for changes in the constitution and a return to democracy.

The government-controlled news media in Seoul gave prominent coverage to the opposition leader's press conference, but deleted any reference to his statements on domestic issues. Pak's quick call for an investigation probably is intended to make opponents think twice about expressing any further antigovernment sentiments.

With a large foreign press contingent about to arrive in Seoul to cover Secretary of Defense Schlesinger's visit, President Pak may decide to delay or forgo further action against Kim in order to avoid extensive press attention to the lack of political freedom in South Korea.





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**NORWAY**

Norwegian Prime Minister Bratteli, in a recent speech marking the 50th anniversary of the treaty that gave Norway sovereignty over Svalbard, put Moscow on notice that Oslo is determined to exercise "full and absolute sovereignty" over the archipelago. "Svalbard," he said, "is part of Norway." He added that Oslo would neither relinquish control of the islands nor grant preferential rights on the islands to any country.

Bratteli's unusually blunt remarks probably reflect Oslo's annoyance over Moscow's continued assertiveness in matters relating to Svalbard. The Norwegian press has pointed to Soviet helicopter operations in Svalbard—conducted without Norwegian permission—as evidence that unless the Norwegians act firmly, they may have even greater difficulty in controlling future Soviet activities in the area.

The Soviets are interested in Svalbard because it is located on the approaches to Murmansk and because of coal deposits and the possibility of oil and gas resources. The Soviets recently announced that they plan to begin prospecting for oil in the Barents Sea next year.

The Svalbard Treaty signed in 1920 granted all signatories the right to pursue economic activities in the area, but all signatories agreed to Norwegian sovereignty. At present, Moscow is the major exploiter of these economic rights. Norwegian authority is made more difficult because there are twice as many Soviets living on Svalbard as Norwegians and because the Soviets have frequently ignored many Norwegian administrative regulations.

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### BAHRAIN

Sheikh Khalifa al-Khalifah yesterday was reappointed prime minister of Bahrain just a few hours after he had submitted his resignation to Emir Isa, the ruler of the country.

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The resignation, followed by the reappointment, apparently are part of a plan between Khalifah and the Emir to suspend or abolish Bahrain's national assembly.

Even before Khalifah's resignation, the government had arrested over 30 leftist leaders, apparently to forestall demonstrations when action was taken against the assembly. The capital, Manama, has been quiet following the arrests. Security forces have been placed on alert as a precaution against any disorders.

In his letter of resignation, Khalifah cited the cabinet's inability to perform the functions of government in the face of the "uncooperative and antinational activities" of the deputies in the assembly.

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These developments come at a time when the al-Khalifah ruling family has become exasperated with Bahrain's constitutional experiment. When the Emir granted a constitution two years ago, he expected that the assembly would be a docile participant in the experiment with democracy. Bahrain's legislators have taken their responsibilities seriously and have resisted the government's efforts to have its way.

The ruler recessed the assembly in late June, after months of wrangling over a security bill. The al-Khalifahs' lobbying and arm-twisting failed to win legislators' approval of the bill and the session ended in a standoff between the executive and the legislature.

The Prime Minister has acknowledged that the stormy, eight-month session made little headway in solving the country's social and economic problems. Rancorous debate, moreover, over the presence of the US navy's Middle East Force forced the government to depoliticize the issue by imposing a time limit on the stationing agreement.

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